



*United States Attorney
Southern District of New York*



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CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS,
JERIKA RICHARDSON,
CARLY SULLIVAN
PUBLIC INFORMATION OFFICE
(212) 637-2600

**EXPERT-NETWORKING FIRM EXECUTIVE FOUND GUILTY
IN MANHATTAN FEDERAL COURT OF CONSPIRING TO COMMIT
INSIDER TRADING OFFENSES**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that JAMES FLEISHMAN, an executive for an "expert-networking" firm (the "Firm"), was found guilty today in Manhattan federal court of conspiracy charges in connection with a scheme to provide confidential information, including material, nonpublic information ("Inside Information"), to the Firm's clients, including hedge funds. FLEISHMAN was convicted after a three-week jury trial presided over by U.S. District Judge JED S. RAKOFF.

Manhattan U.S. Attorney PREET BHARARA said: "Once again, a jury of twelve men and women has recognized insider trading for the crime that it is. Today's swift guilty verdict underscores that the business model embraced by James Fleishman was nothing more than an attempt to gain a criminal trading edge over the average investor."

According to the evidence admitted at trial, the Indictment, and the Complaint previously filed in this case:

The Firm advertised itself as an investment research firm with a roster of consultants with experience in various industries, including the technology industry, who could provide clients of the firm, including hedge funds, with "up-to-the-minute intelligence on trends, issues, regulations and dynamics" affecting particular companies or industries.

In truth and in fact, certain of the Firm's consultants, many of whom were insiders at public companies, passed confidential information, including Inside Information, to Firm clients in breach of the duties trust and confidence that those consultants owed to their employers.

FLEISHMAN served as a Sales Manager for the Firm and was responsible for attracting new clients and providing service to existing clients. FLEISHMAN promoted the Firm's consultation services by arranging for clients to speak with consultants knowing that consultants would provide confidential information, including Inside Information, to clients. FLEISHMAN also obtained and passed Inside Information from certain Firm Consultants directly to certain hedge fund clients.

* * *

FLEISHMAN, 42, of Santa Clara, California, was convicted of one count of conspiracy to commit securities fraud and one count of conspiracy to commit wire fraud. He faces a statutory maximum of 25 years in prison. Count One carries a maximum sentence of five years in prison, and Count Two carries a maximum sentence of 20 years in prison. FLEISHMAN also faces a maximum fine of \$250,000, or twice the gross gain or loss from the offense on each of Counts One and Two, as well as forfeiture of the proceeds he obtained as a result of the offenses.

FLEISHMAN is scheduled to be sentenced by Judge RAKOFF on December 21, 2011, at 4:00 p.m.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation, and thanked the U.S. Securities and Exchange Commission for its assistance in this matter.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys

ANTONIA M. APPS and DAVID S. LEIBOWITZ are in charge of the prosecution.

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